
ARKANSAS PUBLIC SERVICE COMMISSION

Seventh Revised Sheet No. 4-7.1/6

Replacing: Sixth Revised Sheet No. 4-7. 1/6

CenterPoint Energy Resources Corp.
d/b/a CenterPoint Energy Arkansas Gas
(Name of Company)

Kind of Service: Natural Gas Class of Service: All

PART IV – Rider Schedule No. 7

**Title: GOVERNMENT MANDATED EXPENDITURE
SURCHARGE RIDER (GMES)**

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7. GOVERNMENT MANDATED EXPENDITURE SURCHARGE RIDER (GMES)

7.1. APPLICATION

To all gas service provided under any rate schedule, whether metered or unmetered, including rates under Special Contracts, subject to the jurisdiction of the Arkansas Public Service Commission.

In addition to the rates and charges applicable to service under other rate schedules and riders, the following listed surcharges shall be applied to customers' billings on and after the date this tariff is filed. These surcharges reflect expenditures related to governmental mandates and are imposed pursuant to the provisions of A.C.A. §23-4-501, et seq., as it may be amended from time to time.

The inclusion of any costs via this surcharge shall not be deemed a finding that the costs are necessary and appropriate or in the public interest. The prudence of such costs shall be addressed in the Company's next general rate case proceeding. If any costs via this surcharge are not found prudent in the Company's next general rate case proceeding, then the applicable surcharge collections will be refunded with interest.

7.2. APPLICABLE RATE SCHEDULES AND SURCHARGE

Surcharge applicable:

Residential Firm Sales Service (RS-1)	\$0.00000 per Ccf
Small Commercial Firm Sales Service (SCS-1)	\$0.00000 per Ccf
Small Commercial Firm Transportation Service (SCS-1)	\$0.00000 per MMBtu
Small Commercial Firm Sales Service—Off-Peak (SCS-2)	\$0.00000 per Ccf
Small Commercial Firm Transportation Service— Off-Peak (SCS-2)	\$0.00000 per MMBtu
Small Commercial Firm Sales Service—NGV (SCS-3)	\$0.00000 per Ccf

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ARKANSAS PUBLIC SERVICE COMMISSION

Fourth Revised Sheet No. 4-7.2/6

Replacing: Third Revised Sheet No. 4-7. 2/6

CenterPoint Energy Resources Corp.
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Small Commercial Firm Transportation Service— NGV (SCS-3)	\$0.00000 per MMBtu
Large Commercial Firm Service (LCS-1)	\$0.00000 per MMBtu

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Second Revised Sheet No. 4-7.3/6

Replacing: First Revised Sheet No. 4-7. 2/5

CenterPoint Energy Resources Corp.
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7.3. CALCULATION OF THE RIDER GMES SURCHARGE

Step 1: Calculation of Rider GMES Revenue Requirement. The Rider GMES Surcharge may include a capital expenditure component and an expense component, with the portion of the Surcharge associated with the expense component remaining in effect only for a period of twelve months and the portion of the Surcharge associated with the capital component remaining in effect until such time as modified in a future Act 310 filing or until included in the Company's next general rate case proceeding. Pursuant to the provisions of A.C.A. §23-4-501, et seq., an Act 310 filing shall be made no more frequently than once every six months. If a second Act 310 filing is made less than twelve months following the first Act 310 filing, and both filings include expenses, then the Surcharge may include two expense components and one capital component. However, as noted in 7.5 Separate Line Item on Bill, the Surcharge will appear as a single line item on customer bills. The Rider GMES Revenue Requirement shall be calculated as follows:

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Third Revised Sheet No. 4-7.4/6

Replacing: Second Revised Sheet No. 4-7. 4/6

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PART IV – Rider Schedule No. 7

Title: GOVERNMENT MANDATED EXPENDITURE SURCHARGE RIDER (GMES)

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<u>Line</u> <u>No.</u> <u>(1)</u>	<u>Description</u> <u>(2)</u>	<u>Source</u> <u>(3)</u>
1	Adjusted Rate Base	See Line M below
2	Required Operating Income (after-tax Rate of Return)	Line 1 * 4.53% (Rate of Return per Docket No. 15-098-U)
3	Depreciation Expense Increase	See Line K below.
4	Property Tax Increase	Line E * 0.49% (Ad Valorem tax rate per Docket No. 15-098-U)
5	Fixed charges	Line 1 * 1.60% (Weighted Cost of Debt per Docket No. 15-098-U)
6	Total Expense Increase before income tax effect	Line 3 + Line 4 + Line 5
7	Income taxes	Line 6 * 39.225%
8	Operating Income Reduction	Line 3 + Line 4 - Line 7
9	Revenue Deficiency	Line 2 + Line 8
10	Gross-up factor	1.651472 per Docket No. 15-098-U
11	Revenue Requirement on capital expenditures	Line 9 * Line 10
12	Revenue Requirement on current filing expenses	Act 310 qualifying expenses for current filing
13	Revenue Requirement on prior filing expenses	Act 310 qualifying expenses for prior filing if made less than twelve months previously and applicable Surcharge has been in effect for less than twelve months.
A	New Distribution Main	Qualified Main (Asset class G37601) plant additions less previous related MRP filings, Betterment cost and current unbilled CIAC plus unbilled CIAC from last filing
B	New Distribution Services	Qualified Services (Asset class G38001) plant additions less previous related MRP filings, Betterment cost and unbilled CIAC plus unbilled CIAC from last filing
C	Retired Distribution Main	Gross plant retired determined using average cost (as of 9/30/16, the last rate case pro-forma year-end)
C1	Net Book Value of Retired Mains	Gross plant, by account * (1 - 34.01%, the applicable percent depreciated as of the last rate case)
D	Retired Distribution Services	Gross plant retired determined using average cost (as of 9/30/16, the last rate case pro-forma year-end)
D1	Net Book Value of Retired Services	Gross plant, by account * (1 - 56.97%, the applicable percent depreciated as of the last rate case)
E	Net Increase to Gross Plant	Line A + Line B - Line C - Line D
F	Net Removal Cost	Removal cost less unbilled CIAC
G	New Annual Depreciation Expense-Mains	Line A * 1.94%
H	New Annual Depreciation Expense-Services	Line B * 6.89%
I	Old Annual Depreciation Expense-Mains	Line C * 1.94%
J	Old Annual Depreciation Expense-Services	Line D * 6.89%
K	Increased annual depreciation expense	Line G + Line H - Line I - Line J
L	Additional accumulated depreciation	Accumulated depreciation on qualified plant additions since in-service date
M	Increase in Net Plant	Line A + Line B - Line C1 - Line D1 + Line F - Line L

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Third Revised Sheet No. 4-7.5/6

Replacing: Second Revised Sheet No. 4-7.5/6

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Step 2. Allocation of Rider GMES Revenue Requirement by Class. Each Rider GMES Revenue Requirement determined under Step 1 shall be allocated to customer classes based on the allocation factors determined from Docket No. 15-098-U rate design revenue requirement:

<u>Customer Class</u>	<u>Percentage</u>
Residential Service	74.225%
Small Commercial Service (SCS-1)	19.643%
Small Commercial Service (SCS-2)	0.482%
Small Commercial Service (SCS-3)	0.059%
Large Commercial Service (LCS-1)	5.591%

Step 3. Base Rate Adjustments. The Base Rate Adjustment for each customer class will be determined by first dividing each Rider GMES Revenue Requirement by Customer Class determined in Step 2 by the annual volumes used to design rates in Docket No. 15-098-U. The Surcharge components will then be summed as applicable for the time periods identified in 7.2 Applicable Rate Schedules and Surcharge. With respect to Small Commercial Service customers on transportation, a conversion will be made to the appropriate MMBtu rate using the manner used in Docket No. 15-098-U.

<u>Customer Class</u>	<u>Volumes - Ccf</u>	<u>Volumes - MMBtu</u>
Residential Service	216,013,216	
Small Commercial Service (SCS-1)	169,932,031	
Small Commercial Service (SCS-2)	5,719,825	
Small Commercial Service (SCS-3)	675,769	
Large Commercial Service (LCS-1)	23,605,952	

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7.4. FUTURE RATE CASE APPLICATIONS

In the event the Company files a general rate application, all qualifying Act 310 investments found to be reasonable and appropriate for ratemaking purposes and upon which a return was recovered pursuant to Rider GMES shall be included in rate base net of depreciation in calculating the revenue requirement. Further, all qualifying Act 310 expenses within the Company's test year period found to be reasonable and appropriate for ratemaking purposes shall be included in the determination of the revenue requirement.

7.5. SEPARATE LINE ITEM ON BILL

The Company will list the Rider GMES as a separate line item on customer bills labeled "Act 310 Surcharge."